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Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
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Coordination	Justify	

REMARKS

Joe,
 Copy of my notes from Mutual
 Legislative Workshop. Some of the
 budget & retirement comments may be
 of interest to you. George has a
 copy.

[Signature]

DO NOT use this form as a RECORD of approvals, concurrences, disposals, clearances, and similar actions

FROM: (Name, org. symbol, Agency/Post)	Room No.—Bldg.
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5041-102

OPTIONAL FORM 41 (Rev. 7-76)
 Prescribed by GSA
 FPMR (41 CFR) 101-11.206

MUTUAL OF OMAHA LEGISLATIVE WORKSHOP

12 July 1985

Health Benefits

Jerry Klepner

~~B/BS~~ Rebate, Budget Substantive Legislation

BC/BS

Believe Administration will give approval decision soon re handling which will impact budget discussions. Over 400 million involved. Can help meet some of numbers in budget.

House Budget Committee revisit budget question and will offer proposal--probably in joint meet in Senate next week. Next week critical to resolving budget before July break.

Reserves now substantially above common business practice no reserve in excess of 15% premiums in private industry. Federal more like 30%. Now have 1.5 billion government wide. Anticipate it will grow at same current rate-conclusion-^{etc}many being held in reserve when from public policy not necessary. Therefore, how do you draw down and use to subscribers benefit. 1) Rebate; 2) Perspective lowering of premiums ^{etc} _{an} ^{no} increases of premium; 3) increase benefits.

House hopes that above options will be used. Previous position was to reduce reserves and believes that position still applies. We should be thinking about how we will use our reserves.

FEHB Information ACT

Mary Rose Oakar

H.R. 156 will, therefore, be studied closely after Labor Day. Jerry Klepner welcomes our input to those discussions.

Q- Will you tap contingency reserve?

A- No longer need 3% surcharge--think it can be drawn down.

GAO has been asked for a legal opinion on the BC/BS proposal to rebate.

Jerry Klepner COLA, Pay, FEHB -- only big dollar items in budget discussion

Jeff Landry - Senate

Agrees with Jerry Klepner conclusions--waiting for GAO opinion on BC/BS rebate before proceeding open to our input re what special reserves need should be. BC/BS 5/6 months holding--best position is about 1 month. However, don't want to artificially support premium 1/2 years and then be back in a precarious position--higher premiums and lower benefits.

Senate budget calls for \$400 million saving in FEHBP--not especially from special reserves.

COLA freeze 2.7 billion over 3 years if used any action in FEHBP by Sen. Stevens will revolve around budget and reserve--not new legislation. Sen. Stevens would also welcome ~~in-plans~~ input as to use of special reserves.

If reserves don't go back against budget--a big problem to be faced as to where Senate looks for ~~\$400~~ million saving.

Jerry Klepner believe will come from retirement or pay.

If no action by ^{either} ~~Ethics~~ Committees--the Budget Committee can take money from where ever.

Oakar wants money (BC/BS type rebates) to be returned to the FEHBP not the General treasury fund. Stevens supports employee ~~rebat~~ first and then increment~~ed~~ to budget, programs, etc.

Retirement

Jeff Landry

Stevens Proposal 1) Social Security Basis
2) Defined Benefit
3) Thrift Plan

Tried ~~Tried~~

Cowan working with other interested groups in Senate to get bi-partisan agreement cost figure 21.5%. Couldn't get Democrats on board--tried and is still trying to get a bi-partisan group with ~~Back~~ back 19% bill.

Senator ~~Bradley~~ ^{seems really} wants a solution this year--if movement toward ~~recognition~~ ^{compromise} might be willing to extend ^{action on Supplemental} past this year.

Jerry Klepner

Agree with Jerry Landry re Social Security--will ~~even~~ ^{not} back away from Social Security now that feds are in--no one wants to revisit that battle.

Would very much like to resolve Supplemental this year.

~~House doesn't want to get into Supplemental this year.~~

House doesn't want to get into Supplemental until budget process is resolved--if budget resolved this month House will begin work in Fall 85. *on Supplemental*

Democratic caucus will get involved as well as ^{give} ~~we?~~ of the ~~opponents~~,
improvements. However, Jerry Klepner would ^{lose} ~~have~~ to move as a
bi-partisan bill in everyone's best interest. If it becomes
politicalized ^{and it's} ~~and causes~~ problems. Especially next year being an
election year.

Probably no more House hearings.

Jeff Landry

If senator goes with his hearing a series of 9/10 quick
hearings.

Jerry Klepner

House won't support Stevens at funding level of 19 or
21.5%--House wants at least 24%.

How to deal with Social Security Tilt--add on feature seems
to be realistic way rather than offset or ?

COLA's & PAY

Jerry Klepner

mark-up next Thursday (56-69 - 6.5% via 7% 84 + 1.5%) HR 1131
Catch-62 coming thru July together with budget bill. Also will
move quickly on "Surviving Spouse" Bill ^{once} ~~since~~ ^{Russ} OPM finished up.

Jeff Landry

Senate will continue to work pay equity - ^{two} ~~one~~ hearings this month
24 and 25 July. *Stevens may hold Supplemental hearings this
month before August recess.

Q Hostage Relief Act

Jerry Klepner

Very good bill and necessary hope to get to floor quickly.
Foreign Affairs also has jurisdiction. Would provide governMent
employees each hostage \$50K (Iran Only) compensation and some
punitive to family. New law would apply to domestic and
non-domestic hostage events.

FEGLI on his Committee Agenda to take a close look at it down
the road. Don't think a good program will be a major effort and
time consuming.